

State of Alaska FY2003 Governor's Operating Budget

Department of Transportation/Public Facilities Administration and Support Budget Request Unit Budget Summary

Administration and Support Budget Request Unit

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BRU Mission

The mission is to provide executive leadership, coordination with other governmental agencies and oversight of construction contracting and non-construction procurement activities.

BRU Services Provided

The Department of Transportation and Public Facilities (DOT&PF) is statutorily responsible for the planning, design, construction, maintenance, and operations of transportation facilities and buildings. We strive to achieve a balance between steady planned growth in the intermodal transportation system, which supports economic development and improved quality of life, and the effective management of maintenance and operations for the state's existing investment in transportation and public facilities infrastructure. This BRU contains the highest level of leadership necessary to insure the department meets its statutory responsibilities.

The Section of Contracting, Procurement and Appeals develops, implements, and maintains policies, procedures, and standards that assure all transportation modes and regions receive responsive and consistent guidance, direction and training in administering construction and non-construction procurements and contracts.

BRU Goals and Strategies

- Define the future responsibilities of the department.
- Analyze the departmental organization to determine if we have the most efficient and effective structure.
- Develop sustainable revenue mechanisms that provide adequate funding to support development and operations of state transportation system and public facilities.
- Coordinate operating and capital budget requests and secure the necessary federal and state funding to meet all the statewide transportation needs.
- Work closely with executive and legislative branches to secure appropriate funding levels.

Key BRU Issues for FY2002 – 2003

Key issues in the department are the levels and allocation of federal construction funds, compliance with federal environmental requirements, growth and redevelopment of the Anchorage International Airport and changes in the composition and service levels of the Alaska Marine Highway System. Leadership is needed to meet the challenge to maintain a positive and productive work environment, facilitate meaningful human resources development and ensure high levels of responsiveness to the general public in light of continued reductions in program funding.

Security is now a major issue following the events of September 11. Requirements for security are changing daily for the airports, marine highway terminals and vessels, and other surface infrastructure including tunnels and bridges. Additional resources are needed to perform mandated functions such as security management, inspection, law enforcement, access control, parking area and perimeter patrols, and administrative functions. The Commissioners Office must be able to respond to these changing priorities.

Major BRU Accomplishments in 2001

- Continued campaign in conjunction with the State Troopers to promote safety in highway construction work zones.
- Completed the Contracting Officers' Warrant System development and began implementation of that program. Also assessed Warrant System training needs and began development of an extensive training program.
- Implemented new construction project advertising procedures that greatly reduced the size of the notices. This has the impact of saving substantially on annual advertising costs.

- Massive changes to the Department's website are underway. The changes will provide easier access to web based services (e.g., AMHS reservations, bid specifications, etc.) and to information about the Department and its programs.
- The feasibility study for the proposed Maintenance Management System has been completed. This program will assist in a more efficient use of resources dedicated to the maintenance and operations of the road system.
- Promulgated new regulations (Title 17) pertaining to international airports and have begun to incorporate those regulations into the airports' operations.

Key Performance Measures for FY2003

Measure:

The percentage of divisions that reach assigned performance measures.
Sec 141(b)(1) Ch 90 SLA 2001(HB 250)

Alaska's Target & Progress:

All divisions are tracking legislatively assigned performance measures contained in Chapter 90, SLA 2001. In those instances where goals have been established, the department is working towards reaching those goals though many can not be accomplished within a single year. Where not established, data is being collected to determine appropriate goals.

Benchmark Comparisons:

None.

Background and Strategies:

Knowing how well an organization is functioning is vital to good management. Performance measures are needed to tell whether we are getting the results we desire from our programs. They must tell us how effective and efficient we are or indicate where improvement is needed. The Department is gathering data for the performance measures noted in the FY01 legislation. Setting Department goals can be difficult, but with a few years of performance measure tracking and additional benchmark identification, goal setting should be easier.

Measure:

The percentage of state national highway system lane miles of road that meet standards of the American Association of State Highway Transportation Officials.
Sec 141(b)(2) Ch 90 SLA 2001(HB 250)

Alaska's Target & Progress:

After 5 years of a concerted effort to modernize the National Highway System (NHS) routes within Alaska, there are 1,487 miles (73%) of the NHS that meet national standards and 552 miles (27%) [including much of the Dalton Highway] which do not meet these standards. Significant progress has been made on the Sterling, Seward, Glenn and other major highways in recent years to improve our highway systems for citizens and commerce while adding to safety.

Benchmark Comparisons:

Nearly all NHS routes nationally meet minimum geometric standards, except for capacity, pavement condition and bridge condition. Until recently, Alaska's NHS routes were far behind other states in meeting basic geometric standards of highway width, shoulder width, curvature and grade. The recent focus on NHS routes nationally, including the provision of new federal monies, has paralleled Alaska's recent strong push to bring our most important highways up to minimum geometric standards. The department continues to push for both bringing substandard sections of the NHS up to minimums, and addressing critical capacity shortfalls on NHS routes in urban areas.

Background and Strategies:

Projects for reconstruction of substandard NHS roads are programmed in the Statewide Transportation Plan for completion in 10 - 12 years, depending upon federal and state funding received.

Measure:

The average time taken to respond to complaints and questions that have been elevated to the commissioner's office. Sec 141(b)(5) Ch 90 SLA 2001(HB 250)

Alaska's Target & Progress:

The average time taken by the Commissioner's Office in responding to questions or complaints in writing or email is generally 3 weeks. This office does not currently track questions or complaints that are received by telephone. It is our intent to reduce response time to written requests. Collection of more data will be needed before a specific goal can be established.

Benchmark Comparisons:

We are not aware of any.

Background and Strategies:

The Commissioner's Office receives numerous requests daily and strives to respond in a short period of time. However, limited resources have prevented the Commissioner's Office from filling all authorized positions, which undoubtedly impacts the ability to respond quickly to requests. As a result, either a regional or headquarters division office researches most inquiries or complaints. The amount of time spent on a complaint or question depends on the complexity of the issue, the workloads of those designated to respond and the availability of information (e.g., it is difficult to get information from a project manager who is working at a remote site).

Measure:

The percentage of protests and claims appealed to the commissioner that courts overturned during the fiscal year. Sec 142(b)(3) Ch 90 SLA 2001(HB 250)

Alaska's Target & Progress:

The Department's goal is to render construction related appeal decisions that are fair and legally sound. Few DOT&PF adjudicating decisions should ever need to be appealed to the courts, and for those that are, none should be overturned by appellate court proceedings. Construction related appeals adjudicated by the Department's administrative hearing process average 4 to 6 per year. In FY2001, there were 6 appeals filed with the DOT&PF Appeals Officer. None of the 6 decisions were appealed to the courts.

There were 4 DOT&PF construction related appeals that were carried forward from prior years in Superior Court. Of these, in FY2001:

- one was settled in favor of the State;
- another was moved by the Appellant into Supreme Court (where it now resides) after a Superior Court ruling was
- made favorable to the State;
- the last two are still active in Superior Court.
-

We anticipate that the performance stated above will continue in future years. Very few DOT&PF protests and claim decisions will be appealed to the courts due to our efforts stated under "Background and Strategies". If the Departments appeal decisions are challenged in the courts, we do not expect that any will be overturned.

Benchmark Comparisons:

There are no established national standards or information from which to gauge this performance measure.

Background and Strategies:

From 1992 through July of 2001, there were 56 construction related appeals that were directed to formal hearing. This number does not include those appeals that received a direct decision by the Commissioner as none of those decisions since 1992 have been taken on to court.

Of the 56 appeals decided at hearings:

- 27 were claims,
 - 25 were protests, and
 - 4 were in the lease category.
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 - 11 of these appeals were settled before hearings started.
 - 41 were heard or, in some instances, partially heard (i.e. settlement was reached during the hearing process, thus stopping the appeal).
 - Four are currently before hearing officers for administrative adjudication recommendations.
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- And, of these 56 appeals, 12 were appealed to the courts where:
- one was remanded for settlement;
 - the State prevailed on 8 (i.e. the original administrative decision of the Department was upheld) and
 - 3 currently reside in the courts (2 in Superior, one in Supreme).
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The Department's strategy has been to actively listen to contractors and work directly with them and with construction industry representatives (i.e. the Associated General Contractors of Alaska, construction Labor Unions, Alaska Professional and Design Council, etc.) on claims adjudication procedures. These efforts coordinate and review recommended changes to procurement, contracting, and claim settlement practices and, based on findings, are incorporated into the departmental processes with the goal of reducing the number of contractual disputes.

Measure:

Whether the department fully implements the maintenance management system statewide by June 30, 2003.
Sec 149(b)(4) Ch 90 SLA 2001(HB 250)

Alaska's Target & Progress:

The department is in final negotiations with a consultant to acquire software and consulting services for implementation of the Maintenance Management System. The contract will be signed by December 2001

Benchmark Comparisons:

No benchmark has been established.

Background and Strategies:

The department has determined that a Maintenance Management System (MMS) will be an effective tool to better manage the state's transportation assets. The system will allow managers to better plan and program expenditures, monitor budget performance and better track major cost items, such as snowstorms, floods and federal preventative maintenance efforts. It is envisioned that the MMS will be implemented in a phased multi-year approach. Initial work will focus on establishing a maintenance feature inventory using standard units of measure, automation of deferred maintenance needs assessment, and establishment of a maintenance quality assurance program. These precursors will provide immediate useful information and tools. Implementation of a traditional MMS will follow.

Administration and Support
BRU Financial Summary by Component

All dollars in thousands

| | General Funds | FY2001 Actuals Federal Funds | Other Funds | Total Funds | General Funds | FY2002 Authorized Federal Funds | Other Funds | Total Funds | General Funds | FY2003 Governor Federal Funds | Other Funds | Total Funds |
|---------------------------------|------------------|------------------------------------|----------------|----------------|------------------|---------------------------------------|----------------|----------------|------------------|-------------------------------------|----------------|----------------|
| <u>Formula</u> | | | | | | | | | | | | |
| <u>Expenditures</u> | | | | | | | | | | | | |
| None. | | | | | | | | | | | | |
| <u>Non-Formula</u> | | | | | | | | | | | | |
| <u>Expenditures</u> | | | | | | | | | | | | |
| Commissioner's Office | 725.3 | 0.0 | 329.0 | 1,054.3 | 844.8 | 0.0 | 320.7 | 1,165.5 | 862.1 | 0.0 | 303.0 | 1,165.1 |
| Transportation Mgmt & Security | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 340.0 | 340.0 |
| Contracts, Procurement, Appeals | 277.3 | 0.0 | 256.9 | 534.2 | 273.8 | 0.0 | 217.7 | 491.5 | 281.1 | 0.0 | 223.0 | 504.1 |
| Totals | 1,002.6 | 0.0 | 585.9 | 1,588.5 | 1,118.6 | 0.0 | 538.4 | 1,657.0 | 1,143.2 | 0.0 | 866.0 | 2,009.2 |

Administration and Support**Proposed Changes in Levels of Service for FY2003**

The Department has been so successful in improving the coordination and oversight of road and airport maintenance activities that an appropriate next step is to do the same in construction. Coordination of construction activities is necessary to ensure standardization of activities between regions, reporting of those activities to management, and consistent treatment of construction claims. This will be accomplished through the addition of a construction engineer chief.

Administration and Support**Summary of BRU Budget Changes by Component****From FY2002 Authorized to FY2003 Governor***All dollars in thousands*

| | <u>General Funds</u> | <u>Federal Funds</u> | <u>Other Funds</u> | <u>Total Funds</u> |
|--|----------------------|----------------------|--------------------|--------------------|
| FY2002 Authorized | 1,118.6 | 0.0 | 538.4 | 1,657.0 |
| Adjustments which will continue current level of service: | | | | |
| -Commissioner's Office | 17.3 | 0.0 | -122.7 | -105.4 |
| -Transportation Mgmt & Security | 0.0 | 0.0 | 132.0 | 132.0 |
| -Contracts, Procurement, Appeals | 7.3 | 0.0 | 5.3 | 12.6 |
| Proposed budget increases: | | | | |
| -Commissioner's Office | 0.0 | 0.0 | 105.0 | 105.0 |
| -Transportation Mgmt & Security | 0.0 | 0.0 | 208.0 | 208.0 |
| FY2003 Governor | 1,143.2 | 0.0 | 866.0 | 2,009.2 |